

# **Amendments to the December 4 2006 report:**

## **AN ASSESSMENT AND RECOMMENDATIONS FOR THE CREATION AND FUNDING OF AN AFFORDABLE HOUSING TRUST FUND**

**August 4, 2009**



**To: Jerry E. Abramson, Mayor**

**Louisville Metro Government**

**And**

**Louisville Metro Council Members**

**The Mayor's Affordable Housing Trust Fund Task Force**

**David Howard, Chair**

**Rachel M. Hurst, Co-Chair**

## Introduction

An AHTF is commonly defined as “a distinct fund established by a city, or other government entity, that permanently dedicates a renewable public revenue source to support local affordable housing efforts.”

During the period of June through November 2006, the Mayor’s Affordable Housing Trust Fund Task Force and its committees met with members of the staff of Louisville Metro Housing and Community Development to devise a detailed strategy to meet [a key] objective of A *Comprehensive Housing Strategy for Louisville Metro (CHS)*, the creation of an affordable housing trust fund (AHTF), to meet the goal that “*Louisville Metro will expand financing mechanisms for housing development in order to support the creation of diverse housing types and price points.*”

The AHTF-TF assessed the need for the creation of an AHTF, examined existing “best practices” in this field, and made recommendations to create a local AHTF that would meet the affordable housing and community development needs of the Louisville Metro community.

On December 4 2006, members of the Mayor’s Affordable Housing Trust Fund Task Force (AHTF-TF) submitted their report to Mayor Abramson.

## The Original AHTF-TF Recommendations

The Mayor’s Affordable Housing Trust Fund Task Force outlined key recommendations and a legislative agenda for the implementation and funding of a local AHTF, including the following:

- An outline of eligible activities under the Trust.
- That the Trust may serve both for-profit and non-profit organizations.
- That the Trust be administered by the city Housing Department.
- That the Trust be governed by decision-making body that is representative of the city and its constituents. The Board is to be nominated by the Mayor and confirmed by the Metro Council.
- That the Trust should be funded with \$10 million annually in ongoing dedicated public revenue, which the Board of the Trust should secure using a multi-year strategy.
- That half of the public revenue must serve households at 50% or less of Area Median Income (AMI); the remaining half may serve households at 80% or less of AMI. Private donations may serve those up to 110% AMI.

Further details are available in the report, *An Assessment and Recommendations for the Creation and Funding of an Affordable Housing Trust Fund*, December 4 2006.

## History

In the 2006 Kentucky General Assembly, a state legislative initiative to authorize and fund a local AHTF was undertaken. The effort fell short of its objective to create state legislation that would create a dedicated source of public revenues for local AHTFs. However, it created a dedicated source of public revenue that would annually feed the Kentucky Affordable Housing Trust Fund, and doubled the KY AHTF's annual revenues, for which local affordable housing providers and units of local government are eligible for participation.

As stated above, the Mayor's AHTF-TF convened and issued recommendations to create a Louisville AHTF in June – November 2006.

In April 2007 Mayor Abramson allocated one million in windfall tax revenue as seed money for the Louisville Affordable Housing Trust Fund, which the Council subsequently approved in the Metro budget.

Also in 2007, the Health and Human needs Committee of Metro Council, chaired by Councilwoman Mary Woolridge, formed an Affordable Housing Trust Fund Subcommittee to discuss a Louisville AHTF. The Subcommittee favorably reported to the HHN Committee on the establishment of a Louisville AHTF, and the HHN Committee drafted an enabling ordinance and presented it to the full Metro Council.

On March 15 2008, after a series of hearings and testimony to Metro Council, Ordinance 82-2008 was passed by Metro Council, creating a Louisville Affordable Housing Trust Fund, following the recommendations of the AHTF-TF.

The next step is to create the AHTF governing Board, which is charged with hiring staff, pursuing appropriate revenue sources to fund the Trust, and forming a corporation to administer the Trust. As established by ordinance, the Board is nominated by the Mayor and confirmed by the Council. No Board has been nominated or confirmed since the passage of the ordinance in March 2008, and the Trust remains inactive.

## The Task Force Reconvenes

In response to calls from advocates and AHTF-TF members to complete the action required to make the Trust functional, Metro Council's Government Accountability and Oversight Committee, chaired by Councilmen Kelly Downard and Jim King, requested a report from the Metro Housing and Family Services Department on the status of the Louisville AHTF.

In April 15 2009 testimony to the Council, Tina Heavrin, representing Housing and Family Services, announced the Housing Department would prefer not to administer the Trust. Ms. Heavrin requested the AHTF Task Force be reconvened to discuss and issue recommendations regarding moving day to day operations of the Trust to an outside entity. Metro Council requested the Housing Department, assisted by Task Force representatives, convene the AHTF-TF for this purpose and issue recommendations by the end of July 2009.

The Council further requested members of the AHTF-TF reappear before Council to present the TF recommendations at the end of July 2009.

To that end, the AHTF-TF reconvened on June 22, 2009. Given the current situation, and the request of the Metro Housing and Family Services Department to not administer the fund, the AHTF-TF has issued revised recommendations to deal with the current situation and move the Trust forward as expeditiously as possible.

### **Addendums and Revised Recommendations for the Louisville AHTF**

**The AHTF-TF makes the following recommendations only on the condition that both the Mayor's Office and a representative of Metro Council remain committed to pursuing secure ongoing dedicated sources of public revenue as listed in the Ordinance and original Task Force recommendations, to sustain the AHTF.**

Should the Council or the Mayor's office *not* be able to issue this commitment, the AHTF-TF recommends the Housing Department administer the Fund, as originally established by ordinance, and that the Mayor should take immediate action to nominate a Board within 30 days of the date of this report.

If the above assurances are obtained, given the request of the Louisville Metro Housing Department, Mayor Abramson's Affordable Housing Trust Fund Task Force (AHTF-TF) recommends the following changes regarding the administration and governance of the Louisville Affordable Housing Trust Fund:

### **Regarding Governance and establishment of the Louisville AHTF, the Mayor's AHTF-TF recommends:**

- 1) That the Mayor submit a full roster of nominations for Board members for approval by Metro Council within 30 days after the AHTF ordinance has been amended. A list of

qualified candidates has already been prepared and submitted by Metro Government staff for consideration in Fall 2008.

- 2) That the Metro Council act on these nominations immediately after receiving the Mayor's nominations for the Board.
- 3) That the Board immediately form the AHTF as a corporation and capitalize it with the one million dollars in seed money previously budgeted by the Mayor and approved by the Council in 2007.
- 4) That the interest generated on the one million in seed money, along with the principal, be deposited in an account which the Trust's administering agency and Board can access for the establishment and operation of the Trust, with administrative costs not to exceed 10% of the original \$1 million set-aside.

**Regarding the existing AHTF enabling ordinance, Louisville Metro Ordinance No. 82-2008, approved 5-28-2008, the Mayor's AHTF-TF recommends:**

- 5) Amend portions of the ordinance pertaining to administration, namely: 40.40A, 40.45C, and 40.45A(7), in order to:
  - a. Authorize the Board to encroach on the principal of allocated seed money;
  - b. Authorize the Board to issue a public Request for Proposals (RFP) to solicit bids from agencies or businesses to administer the Trust; and
  - c. Authorize the Board to employ staff, including an Executive Director of the Trust, to direct the daily activities and fulfill the purpose of the Trust, and to enter into a contractual arrangement with an agency selected by RFP to provide administrative support and additional resources, expertise, and benefits to the Trust and its staff.

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## Appendix A: Updated Task Force Members and other Participants

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	Tim	Barry	Louisville Metro Housing Authority
	Jane	Burks	Volunteers of America
	Ben	Cook	formerly of Kentucky Housing Corporation
	Tim	Corrigan	Realtors Association
	Kevin	Dunlap	NeighborWorks
	David	Dutschke	Catholic Charities/CLOUT
	Joe	Gliessner	New Directions Housing Corp
	Marlene	Gordon	Coalition for the Homeless, Inc.
	Maria	Hampton	Federal Reserve Bank of St. Louis
	Cathy	Hinko	Metropolitan Housing Coalition
	Fred	Horneffer	BB&T Bank
Co-Chair	Rachel	Hurst	Catholic Charities/Independent Consultant
Rep.	Joni	Jenkins	State Representative 44th District
	Chuck	Kavanaugh	Home Builders Association of Louisville
	Gale	Lively	Louisville Apartment Association
	Lynn	Luallen	Housing Partnership Inc.
	Arden	Martos	CLOUT
	Rick	McQuady	Kentucky Housing Corporation
	Krista	Mills	HUD
	Steve	Poe	Louisville Apartment Association
	Andrew	Pruitt	Realtors Association
	Becky	Roehrig	River City Housing
	Drane	Scrivener	NAACP
	Marlo	Scruggs	BB&T Bank

	Janel	Temple	Habitat for Humanity of Metro Louisville
	Jane	Walsh	Independent Consultant
Councilwoman	Tina	Ward-Pugh	Louisville Metro Council
Rep.	Jim	Wayne	State Representative - 35th District
	Marita	Willis	PNC Bank
Chair:	David	Howard	Louisville Metro Department of Housing & Family Services